



ADOPTED Resource Allocation Plan Fiscal Year 2003

Presented by
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City Manager
&
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CFO/Director of Financial Management

**This information is available in an alternate format by request
to the Budget Management Bureau (562)570-6425.**

What We Believe

The City's Business is Service

We are committed to providing quality service to our diverse community in ways that are helpful, caring and responsive.

Working Together to Serve

We believe that the success of our organization depends on the teamwork, mutual trust, and honesty achieved through commitment to the following values:

Participation

by
citizens and City team members in setting and attaining the City's goals.

Communication

with
one another and with citizens.

Courtesy

in
all personal relations.

Integrity

in
everything we do.

Loyalty

to
our community, to this organization, and to each team member.

Innovation

in
meeting the present and future needs of the City.

Responsibility

as
a team for efficient and effective delivery of services.

Pride

in
our work, in our dedication to public service, and in being the best we can be.

Elected Officials City of Long Beach

Mayor

Beverly O'Neill

City Council

Bonnie Lowenthal, District 1
Dan Baker, District 2
Frank Colonna, Vice-Mayor, District 3
Dennis Carroll, District 4
Jackie Kell, District 5
Laura Richardson, District 6
Tonia Reyes Uranga, District 7
Rob Webb, District 8
Val Lerch, District 9

City Attorney

Robert E. Shannon

City Auditor

Gary L. Burroughs

City Prosecutor

Thomas M. Reeves

City Organizational Chart

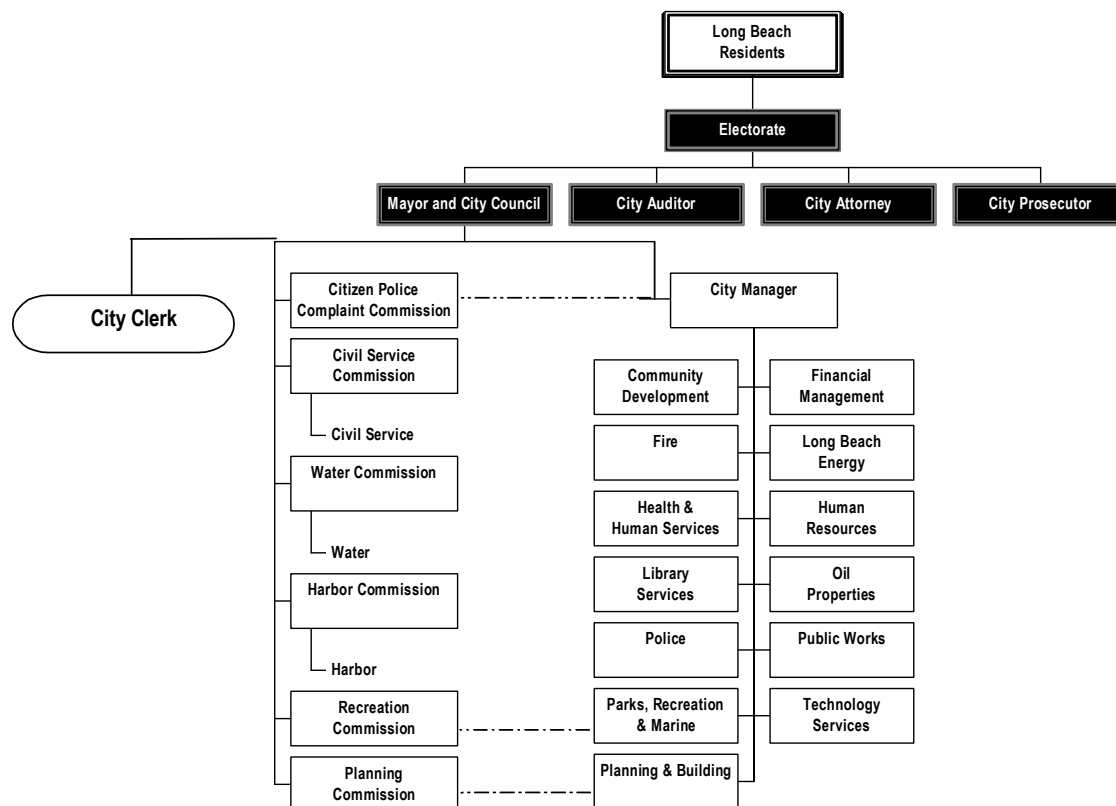


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City Manager's Budget Messages

The City of Long Beach utilizes two messages to provide a complete record of the City Manager's Proposed Budget and the final budget adopted by the Mayor and City Council.

The message dated August 1, 2002 transmits the City Manager's recommendations for the Fiscal Year 2003 (FY 03) budget to the Mayor and City Council. In that message, the City Manager discusses the current economic environment, the overall financial condition of the City, and major policy issues. He also discusses the impact of the State of California's budget and the outlook for the City for the following fiscal year (FY 04). The message includes recommendations on fee and rate changes and any anticipated major changes in revenues. The City Manager also discusses highlights of his proposed budget, including additional programs and services to be provided in the new fiscal year. The message dated October 1, 2002 lists the changes that were made to the City Manager's proposed budget during the adoption process by the Mayor and City Council.

Together these two messages provide the background and environment within which the budget was developed and adopted.

Adopted Budget Transmittal Letter

Fiscal Year 2003

March 10, 2003

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

SUBJECT: Fiscal Year 2003 Adopted Resource Allocation Plan

The Mayor and City Council adopted the final budget for Fiscal Year 2003 (FY 03) on September 23, 2002, as provided under Section 1704 of the City Charter, after holding four public workshops and four budget hearings.

The City is facing a difficult financial situation. Although the General Fund budget is balanced, a structural deficit exists in the General Fund where ongoing expenses exceed corresponding revenues. The FY 03 gap between expenditures and revenues was filled largely by the use of all the available discretionary reserves. This deficit is due primarily to increases in the number and cost of new programs, primarily public safety, new public safety facility debt, general inflation, wage and benefit cost increases, and the loss of revenue due to the voter-approved Utility Users Tax cut.

The Mayor and City Council endorsed the City Manager's Proposed Budget with the following amendments:

MAYOR AND CITY COUNCIL DECISIONS

Since the FY 03 Proposed Budget covered the structural deficit largely with the use of one-time reserves, the deficit was not eliminated and carries over to FY 04. To address the need to reduce costs, and begin the process of eliminating the structural gap, the Mayor and City Council adopted several changes to the Proposed General Fund Budget, which resulted in additional expenditure reductions of \$2,360,064.

The following City Council actions are included in the Adopted Budget:

- A 3.5 percent reduction in all departments' General Fund budgets, with the exception of Police and Fire, for a total of \$2,257,906. Debt service, pension bond, and workers' compensation costs were excluded from the calculation;

- A 3.0 percent reduction in the Police and Fire Departments' General Fund budgets, excluding debt service, pension bond, workers' compensation, and sworn and dispatcher salaries and benefits for a total of \$565,942;
- A \$450,000 reduction in the Public Corporation for the Arts (PCA) budget from \$1,750,000 to \$1,300,000;
- Funding the Municipal Band directly, in the amount of \$350,000, rather than through the PCA;
- Inclusion of \$155,822 for one new position in the City Prosecutor Department and \$188,826 for three new positions in the City Auditor Department; and
- Carryover of \$219,136 of discretionary funds for Districts 4 and 6.

The 3.5 percent and 3.0 percent budget reductions were handled by including an equivalent negative dollar amount in each department's General Fund expenditure budget. Although program budgets were not reduced, departments are required to reduce expenditures in various programs to achieve these reductions.

Please refer to the City Manager's Budget Message dated August 1, 2002, directly following this letter, for more detail relating to the FY 03 budget. The City Manager's Budget Message also contains discussion relating to other funds.

The Adopted FY 03 General Fund expenditure budget totals \$368.2 million. Revenues, including one-time reserves and transfers, total \$370.6 million. This leaves a projected FY 03 ending General Fund operating balance of \$2.4 million. These are pre-audited numbers and may change as staff completes the year-end FY 02 audit.

FINANCIAL OUTLOOK

In addition to the immediate cost savings included in the adopted budget, the Mayor and City Council directed the City Manager to develop a three-year financial strategic plan to address the City's on-going structural deficit. In response, the Acting City Manager initiated the Budget Evaluation Process (BEP), through which staff reviewed strategic goals, services and programs to identify areas where the City can redefine the way it does business, and focus its limited resources where they are most needed. The process included community forums and surveys to access the needs of the residents of Long Beach. The City is taking steps to downsize the organization in a balanced and gradual way, without severely impacting essential services to the public. The approach recommended in that plan is predicated largely on cost reductions and does not rely heavily on new taxes or fees.

The State's economy and current financial crisis will have a major influence on the City's budget strategy as well. Staff will continue to monitor the economic impact of the State's budget deficit on the City and make recommendations as necessary.

I am confident the City will be able to withstand the challenges we face and continue to provide quality services to our residents and visitors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerald R. Miller". The signature is fluid and cursive, with a long horizontal stroke at the end.

GERALD R. MILLER
ACTING CITY MANAGER

GM:BT:MK

City Manager's Budget Message

Fiscal Year 2003

August 1, 2002

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

SUBJECT: **Fiscal Year 2003 Proposed Budget**

I respectfully submit my Proposed Budget for Fiscal Year 2003 (FY 03). Input solicited in public workshops in May provided a context for this budget. However, the economy was the major issue affecting the development of the FY 03 budget. Since this time last year, the State and local economy have been redefined by the national recession and the tragic events of September 11, 2001. As a result, there has been limited local revenue growth. This lack of growth, combined with the next scheduled reduction in the Utility Users Tax (UUT), additional public safety costs and the implications for local government caused by the State budget stalemate, are factors that affect the viability of the Proposed Budget for FY 03.

In spite of these uncertainties, you will find that this Proposed Budget protects priority service areas identified by the City Council including public safety, neighborhood infrastructure, capital projects delivery, and Strategic Plan 2010 initiatives. Further, the Proposed Budget continues to support the City Council's policy to maintain an Emergency Reserve of 10 percent of the General Fund operating budget. This is a critical factor for fiscal stability.

CITYWIDE BUDGET

The Citywide proposed FY 03 budget totals \$1.7 billion, most of which is restricted by State or Federal law or grant requirements. The Citywide budget finances a multitude of operations including City utilities (gas, sewer, water), refuse collection, the airport, harbor operations, marinas, redevelopment activities, oil operations as well as traditional municipal services that are typically funded by the General Fund such as police, fire, public works, parks and recreation, libraries, and general government services.

GENERAL FUND BUDGET STRATEGY

The FY 03 budget message, my fourth, is the most difficult I have had to deliver to the City Council and the community. The proposed FY 03 General Fund budget is balanced. However, a projected budget deficit is funded largely with one-time revenues from the current and prior years. You will recall that in the FY 02 first quarter budget report, and again in the mid-year report delivered to you on May 7, 2002, I indicated that a shortfall of several million dollars was possible by the end of the current fiscal year. The FY 02 shortfall will be mitigated during the current year by reducing expenditures to 97 percent of current budget and implementing a hiring freeze, to balance to zero.

More importantly, I also reported that, short of a dramatic and immediate turnaround in the economy, a deficit exceeding \$35 million was projected for FY 03. With additional, unavoidable costs, that deficit has grown to a projected \$46.2 million, a gap not experienced since the mid-80s.

When the City Council appointed me City Manager in 1999, the City budget picture was improving and the national and local economies were growing at robust rates. What followed were three relatively healthy years from a fiscal standpoint. However, in the past year or so, the economy has been slowed severely by the near meltdown of the technology sector, the energy crisis and the crash of the stock market. The nightmare of September 11, 2001 ("9-11") plunged the nation's already floundering economy into a full-blown recession, as hundreds of thousands of people lost their jobs. With that came a drop in consumer confidence resulting in reduced spending and, therefore, reduced tax revenues at all levels of government.

Long Beach was no exception as local hotels' occupancy plummeted. Shortfalls in City hotel taxes and sales taxes are the obvious manifestations of the economic retraction; however, the impacts go beyond the obvious to other City taxes and fees, and to the additional costs of security.

The following table illustrates trends evident in the City's General Fund revenues. Detail is provided for only a sampling of the largest revenues:

	FY 01 Actual	FY 02 Budget	FY 02 Projected	FY 03 Projected
Secured Property Tax	\$ 42,766,550	\$ 45,800,000	\$ 45,343,072	\$ 47,588,000
Sales Tax	\$ 40,504,603	\$ 41,500,000	\$ 38,471,065	\$ 40,075,000
Transient Occupancy Tax	\$ 6,667,920	\$ 7,212,000	\$ 6,080,290	\$ 6,263,000
Pipeline Franchise Fee	\$ 20,417,032	\$ 11,000,000	\$ 6,533,786	\$ 5,338,000
Electric Franchise Fee	\$ 5,389,266	\$ 5,144,000	\$ 6,419,287	\$ 6,548,000
Gas Utility Users Tax	\$ 8,968,480	\$ 7,245,000	\$ 4,836,787	\$ 4,232,000
Electric Utility Users Tax	\$ 23,875,249	\$ 22,900,000	\$ 26,557,529	\$ 23,703,000
Telephone Utility Users Tax	\$ 20,081,378	\$ 18,099,000	\$ 19,368,554	\$ 17,286,000
Water Utility Users Tax	\$ 4,226,131	\$ 4,134,000	\$ 4,410,431	\$ 3,897,000
Business License Tax	\$ 7,805,588	\$ 7,925,000	\$ 7,830,000	\$ 7,800,000
COPS/Other Federal Grants	\$ 6,528,232	\$ 4,220,826	\$ 6,322,416	\$ 4,829,482

The Property Tax has clearly been somewhat insulated from the recession, as housing demand continues to exceed supply. Revenues from this tax may flatten in the near future

as additional housing units are added to the region thereby increasing housing supply outside of Long Beach. In addition, some sentiment has been expressed by real estate analysts that speculation has added to the sharp increases in property values; if so, that artificial “bubble” could burst, as it did in the early 1990s, although the resultant impact is expected to be much less severe.

The drop in Sales Tax and the Transient Occupancy Tax (TOT) are indicative of both the slump in tourism that began at this time last year and the drop in spending in the aftermath of “9-11.” The FY 03 Sales Tax projection includes a 3 percent growth factor plus the addition of new retail development, such as CityPlace, coming online. Moreover, there is already some indication that our FY 03 forecast might not hold, if recent worsening economic trends continue. In addition, a significant improvement is not anticipated at this time in the TOT.

With regard to the Pipeline Franchise Fee, since natural gas prices and supplies are back to lower historical levels, so are the City’s revenues from this source. A significant revenue shortfall will result by the end of FY 02, and those trends are expected to carry into FY 03.

Somewhat lost in the discussions of the recession is the loss of revenue due to the voter-approved reduction of the City’s UUT. The UUT rate drops to 7 percent on October 1, 2002 for a total reduction to date of three percentage points from the original 10 percent rate. The first reduction to 9 percent was fully offset during FY 01 by an unanticipated one-time increase in Pipeline Franchise Fee revenue due to higher natural gas prices and higher usage by energy plants in Long Beach. We know now that the energy “crisis” was artificial and due to manipulation by gas and energy suppliers, many of whom face ongoing scrutiny and possible criminal charges for their violations of law. Nonetheless, since there was sufficient one-time revenue from the FY 01 Pipeline Franchise Fee to also offset much of the FY 02 UUT rate reduction, to an 8 percent rate, the impact of the rate reductions on City revenues was essentially delayed.

As a result, the full brunt of the rate reductions to 7 percent and the resultant **\$21 million loss of UUT revenue** will be felt in FY 03. Although some loss of Gas UUT revenue is being felt during the current FY 02, it can be stated that FY 03 will be the first year that City revenues will be noticeably affected. Of the projected \$46.2 million deficit, 45 percent is the direct result of the voter approved UUT rate reduction. Long Beach is unique in this regard. While other cities are grappling with reduced revenue due to the recession, Long Beach also has to contend with voter mandated revenue reductions.

In addition, during the 1990s, the City accepted several federal Citizens Option for Public Safety (COPS) grants with the understanding that when the grants expired, the full cost of the grant-funded police officers added to the budget would be borne by the General Fund. Those grants are now expiring, and City revenue will decrease approximately \$3 million in FY 04.

Beyond the loss of UUT, grants, and other revenue shortfalls are \$10 million in new costs that must be included in the FY 03 budget. These include debt payments for new or renovated public safety facilities; equipment lease payments for the Emergency Communications Operations Center (ECOC) and other public safety facilities; and increased employee health premiums. These costs are deemed unavoidable. You will recall, for example, that during early FY 02, the City Council approved the issuance of \$41 million in Public Safety Facilities bonds to fund the renovation of the Police Headquarters,

Fire Station No. 1, the Crime Lab, and other related improvements. At the time, staff informed you that no new revenue had been identified to pay for the annual \$2.8 million debt payment but, since the needs had reached the critical stage, the City had no recourse but to incur debt to proceed with the required repairs. A partial debt payment on those bonds will come due during FY 03. In addition, the \$4.4 million lease payments on the new equipment for those new facilities and for the new ECOC will also begin in FY 03. Operating costs for the new facility are also included.

Other unavoidable additions include staffing for the new Police Athletic League (PAL) facility in North Long Beach, park maintenance contract increases, Animal Control facility debt share, and the net cost of the CityPlace garage.

Also, please be reminded that the FY 02 budget was adopted with a \$24 million gap between revenues and expenditures. That gap had developed over the last several years as new ongoing programs and costs were added to the annual budgets. At the same time, revenue growth has not been sufficient to offset those costs. The FY 02 gap was filled with \$24 million in one-time, energy-related revenues that were carried over from FY 01.

Beyond the City's own economic situation, we must also be wary of the potential impact on local government of the State's budget. As of the date of this writing, the State has not yet adopted a FY 03 budget and the Vehicle License Fee (VLF) continues to be an option being considered by some legislators to help balance the State budget. Some have suggested that the State will adopt a budget that is balanced only on paper, only to reopen its budget process after the November gubernatorial election. If so, then we will not truly know the impacts of the State's budget on Long Beach's budget until after November.

The first quarter and mid-year budget reports also included a list of budgetary actions that could be employed to deal with budget deficits in both FY 02 and FY 03. For FY 02, as indicated earlier, a hiring freeze has been put in place, and departments have been directed to limit spending to 97 percent of budget and to defer equipment and other purchases beyond the 97 percent where they can. The FY 02 budget strategy assumes elected and appointed General Fund departments will also adhere to the 97 percent spending limit. Their cooperation is needed for the good of the entire City.

With regard to FY 03, however, some of the traditional budgetary options would result in severe impacts to City services. Eliminating the projected deficit by across-the-board budget reductions, for example, would require a 12 percent cut to all budgets, including Police and Fire Departments. Budget reductions of that magnitude would be unprecedented and would decimate many City programs and services.

Therefore, the Proposed Budget that has been submitted to you closes the projected FY 03 budget gap as follows:

- The use of \$37.1 million of one-time revenues from the current and prior year such as the City's share of the recent settlement payment from Southern California Edison (SCE) to the Southeast Resources Recovery Facility (SERRF) and the anticipated rebate from the refinancing of the Pension Obligation Bonds.
- Additional transfers from other non-General Funds totaling \$5.8 million.

- The budgeting of a negative salary savings amount in the expenditure budget amounting to approximately 2 percent of the total General Fund budget (excluding certain fixed costs and sworn employee salaries) in each City Manager department. The negative amount has the effect of reducing each department's budget by 2 percent. I recommend this strategy rather than actually cutting specific programs. This enables department managers some flexibility in managing to a lower bottom line. The 2 percent is the equivalent of \$3.3 million. This strategy may need to be implemented by non-City Manager Departments if the situation worsens.

At this time, the use of one-time revenues is recommended, as it will avoid severe budget cuts to City services. As a consequence, however, these funds will not be available for use on the many capital projects that will remain unfunded. In addition, these revenues are one-time, and once used in FY 03, will not be available in FY 04. Since the FY 03 budget gap is being closed with \$46.2 million of one-time measures, as a result, the FY 04 budget will also have a major deficit to overcome.

The one-time revenues are only sufficient to close the projected \$46.2 million gap. That leaves no funds available for budget increases. It is my duty to submit to you a balanced Proposed Budget. Therefore, the additions to departments' budgets that are included are those mandated or unavoidable costs mentioned earlier, those changes that are offset by either new revenues or voluntary budget reductions, or the cost of continuing a previously-approved program.

Moreover, there is no positive fund balance projected in the operating budget. In the past, the City Council has appropriated available fund balances to establish the City Council's discretionary fund.

The City's budget situation is truly unfortunate. Many operating departments, such as the Library, Public Works, and Parks, Recreation and Marine and others have not yet fully recovered from the budget slashing of the 1990s.

The budget situation is difficult because the City's fiscal situation prevents me from including many of the worthy budget increases requested by departments that report to me. Also, budget augmentations submitted by several elected and appointed (non-City Manager) department heads, in order to expand staffing, cannot be accommodated within the Proposed Budget. To do so would result in a deficit or unbalanced budget.

With the exception of specific mandated costs, most of which are related to public safety, I am essentially recommending a flat budget for FY 03. While primarily due to lack of resources, this strategy also will help avoid a major budget restructuring once the final State budget impacts are known, after the November elections.

At that time, the City Council may wish to reopen the City's General Fund budget, either to address negative impacts of the State's budget or to consider use of any unanticipated revenues that may be received in the interim. I caution you, however, that the economy is unpredictable and, regardless, any unanticipated revenue will be needed to help offset another major deficit projected for FY 04.

The following sections provide additional detail on the proposed FY 03 General Fund budget:

Recommended Additions and Continuing Programs

Enhancements in the General Fund have been added only if:

- The request pays for itself, with either new revenue or cost reductions
- Is deemed unavoidable, such as debt service, lease payments, contract requirements
- Are required operating costs for new facilities
- Are a continuation of previously-approved programs; i.e., Library Books and Materials budget and Social Services Grants.

The following list highlights several new or continuing programs. A comprehensive list is included on Attachment A.

Public Safety

- Costs that have been included in this Proposed Budget include debt service, equipment lease payments, and operating costs associated with the new ECOC and the Public Safety Building seismic retrofit for a total of \$6.5 million, as well as \$620,000 for equipment lease payments for other public safety facilities. The ECOC is scheduled to open in the Spring of 2003.
- The cost of staffing the new PAL facility approved by the City Council in North Long Beach is also included for a cost of \$212,000. The facility is scheduled to open in September 2002.
- Ten additional Police Officers have been included in the Proposed Budget to be added in June 2003. The Police Department will absorb the academy and training costs of approximately \$225,000 in FY 03. The full costs for the Officers will be included in the FY 04 budget.
- An additional Police Officer has been included to be dedicated to arson and environmental crimes investigation in conjunction with the Fire Department. The proposed increase in ambulance fees will pay the cost of \$122,161 for this position.

Business

- The FY 02 pilot program of a Business Help Desk in the Department of Planning and Building has proven to be successful and has been institutionalized by assigning a permanent experienced employee to staff the Desk. The cost of the position of \$90,000 will be offset by cost reductions in the department budget.
- The Sustainability Program begun in FY 02 for \$87,000 will be continued into FY 03 in order to complete and implement the building and purchasing guidelines, in keeping with Strategic Plan 2010.

Communication

- Closed-captioning for City Council meetings will be implemented. This valuable service is provided in response to requests from the disabled community. The cost of \$45,120 is to be funded from cable franchise fees.

- A local cable television program highlighting City events will be developed on HTTV. The cost of \$50,000 is to be funded from cable franchise fees.
- E-Government is continuing in support of the goal of the Strategic Plan to develop a community of neighborhoods with the establishment of a community portal on the Internet. This phase will organize the portal and set up guidelines in order to bring information on community, business and City resources into one location. The source of funding for the cost of \$175,000 is the General Services Fund.

Library

- The next phase of the multi-year Library Strategic Plan approved by the City Council will continue in FY 03 with an addition of \$165,000 for books and materials.

Neighborhood Infrastructure

- The Neighborhood Infrastructure program to repair sidewalks, curbs, and gutters will continue with \$3 million in funding from the General Fund.
- The City's commitment to the community to meet the City's Americans with Disabilities Act (ADA) Transition Plan will continue with \$3 million for facility upgrades and response for accessibility.

Community Services and Recreation

- The Mural Conservancy program will continue. Permanent staffing has been included to supervise the development of new murals and ensure the protection of prior murals. This addition of \$54,024 is offset with cost reductions and Community Development Block Grant (CDBG) funds.
- Parks and Recreation programs begun in FY 01 with City Council discretionary funds and continued into FY 02 are also included in this Proposed Budget. These programs total \$439,315 and include Youth Sports programs at numerous parks including College Estates, Coolidge, DeForest, Drake, Houghton, Ramona, Veterans, and Whaley. OlympicKids for Fitness and after-school recreation are also included as well as other recreation programs.
- The Social Services Grant Program, established in 1985, will continue at the same \$450,000 funding level to community-based organizations providing critically needed public health programs in Long Beach. The original source of funding was the interest earned on the proceeds of the sale of hospital property. Since the principal was used several years ago, all interest revenue has been depleted. The loss in FY 03 will be supplanted with \$200,000 from the General Fund. CDBG funds support the remaining \$250,000.
- Support to the Public Corporation for the Arts (PCA) will continue at the same level as FY 02 of \$1.75 million, but the PCA will allocate \$350,000 of that support to the Municipal Band concert program. This allows capacity to assist the Museum of Art through its agreement with the Parks, Recreation and Marine Department.

Unfunded Needs

Additional unfunded needs requested by City departments are listed on Attachment B. Attachment C lists priorities identified by the City Council that have been requested but for which no funding has yet been identified.

Proposed Fee Adjustments

After considerable study, several fee adjustments are recommended to help offset the cost of specific services. All fee adjustments are listed in Attachment D of this letter.

A few fee adjustments of note in the General Fund include:

- Ambulance transport fees

The additional revenue from the ambulance fees will be used to offset the cost of providing the service as well as additional personal safety equipment for firefighters and emergency rescue equipment, including a new Jaws of Life.

- Fire prevention and permit fees

The revenue from fire prevention and permit fees will offset the cost of the service as well as support the cost of a Police Officer for investigation of arson and environmental crimes.

- Plan check fee surcharge

A two-year surcharge on plan check fees is proposed to pay for the upgrade of the Planning and Building Department's building and permit database. The upgrade will make it accessible to more users and make it web-enabled. The surcharge will also be used to offset the cost of scanning equipment in order to digitize building records.

- Animal Control licenses and fees

The new fees will help support increased operating costs at the P.D. Pitchford Companion Animal Village. The revenue also helps offset the loss of adoption revenue which now accrues to spcaLA by agreement.

Elected and Commission Budgets

Budget increases in the General Fund were submitted to my office by some elected departments. Although the requests may be worthy, since they have no funding sources, the increases are not included in my proposed FY 03 budget, but are highlighted in Attachment B for City Council consideration.

Submitted increases in the City Attorney Department have been included since funding was available in the Insurance Fund to support the needs in the Workers' Compensation and Litigation programs. These are listed in Attachment A.

The following sections provide more budget detail on the General Fund and other funds.

General Fund Budget

Total proposed General Fund expenditures for FY 03 are \$368.6 million and revenues, combined with adjustments to fund balance, are \$368.6 million with an ending operating fund balance of zero. Total proposed revenues include \$37.1 million of one-time revenues and \$5.8 million of additional transfers indicated earlier in this transmittal.

As part of the recent contract negotiations, the City's non-safety employee associations agreed to forgo a salary increase for FY 03, which allowed the City to avoid an even larger deficit for FY 03. Negotiations are now underway with the safety employee associations. An initial meeting indicates that these associations may have high expectations for salary and compensation increases. It should be noted that each 1 percent salary increase for safety employees adds an additional annual cost of \$1.1 million to the General Fund.

The outlook appears to worsen in FY 04, due to known costs including the cost of negotiated salary increases, health insurance premium costs, public safety debt payments and expiring police grants. FY 04 will also experience a further decrease in the UUT rate that will reduce revenue of a net \$6 million in addition to the annual \$21 million loss already in place. The projected FY 04 deficit could exceed \$56 million. With revenue growth expected to be minimal, the City may be faced with having to use Emergency Reserves. Measures to close the projected FY 04 budget gap will have to be identified.

Gas Fund

The Long Beach Energy Department had the lowest natural gas bills in California this past winter. This was achieved not only with innovative arrangements with suppliers but also with use of the financial resources in the Gas Fund to keep ratepayers' charges down.

Month-to-month ratepayers are charged based on estimated gas purchase costs. During the height of the energy crisis, it was nearly impossible to accurately predict upward spiraling gas purchase costs. This resulted in an undercollection from customers of the true cost of gas. In addition, the City experienced a large write-off of bad debts. Costs were also impacted by providing gas for use by General Fund departments, increased costs associated with implementing the low-income program and level pay plan, and increased costs for the tremendous number of customer inquiries and requests for meter rereads. Additional costs were also incurred in obtaining the gas supply contract, which allowed the City to buy gas at better than market rates.

The Gas Fund has historically been able to support the General Fund with an annual transfer of funds that were not needed to maintain gas utility operations. As permitted under the City Charter, funds determined by the City Manager to be unnecessary to meet Gas Fund operating requirements were transferred into the General Fund as approved in the annual budgets by the City Council.

The FY 02 General Fund budget assumed the transfer from the Gas Fund of \$12 million. However, due to the increased demands on the Gas Fund described above, and a need to maintain a prudent amount in reserve for future emergencies, a transfer of only \$7.5 million will be made in FY 02 from the Gas Fund's operating reserve. In addition, the proposed transfer for FY 03 is budgeted at only \$7 million, which is less than the \$10 million originally

contemplated in the City's Multi-Year Financial Plan. Nonetheless, since gas prices are currently stable and future gas supply contract provisions will not include large fixed payments, as was necessary during the previous two years, the Gas Fund is able to transfer to the General Fund the \$8 million sequestered in FY 01. You will recall that only a portion of the budgeted FY 01 transfer was made, with the balance sequestered for future General Fund use. These funds are now needed to help fill the General Fund budget gap.

Tidelands Funds

During the last two fiscal years, the Tidelands Funds were able to fund many needed capital projects. However, funding is severely limited in FY 03. Projects included in FY 03 are the Los Angeles River Dredging, Boardwalk repairs, seawall repairs and the continuation of the Downtown Marina rehabilitation project.

Resources to support beach cleaning and maintenance, lifeguards, fire service, police and other services in the Tidelands area are dependent on continued support from the Harbor Department. The City Council will be asked to request the transfer of 10 percent of the Port net income to the Tidelands Funds, as allowed under the City Charter. The transfer is included in the Harbor Department's Proposed Budget, recently adopted by its Board of Commissioners, and is included in the Tidelands Proposed Budget as well.

In addition, the downturn in the economy has also affected Aquarium revenue and fundraising. Aquarium revenues were supplemented by the City in FY 02 with \$700,000 in order to make the May 2002 bond payment. Should the Aquarium not meet its revenue and fundraising targets, an equal or greater amount will be required in FY 03 from TOT earned in the Redevelopment Area (RDA). The RDA TOT is available since the Harbor Board agreed that it be used as the first pledge to the Aquarium refunding bonds. We thank the Board of Harbor Commissioners for their continued support.

Refuse/Recycling Fund

The Refuse/Recycling Fund supports the City's refuse and recycling operations. Monthly charges to customers generate the revenue required to support these services. As noted in last year's Budget Message, there has not been a refuse rate increase since 1995, despite annual increases in operating costs. Refuse/Recycling Fund reserves have been utilized the last three years to supplement revenue; however, reserves will be depleted in FY 03.

The Proposed Budget for the Refuse/Recycling program includes a 7 percent rate increase, along with an annual Consumer Price Index (CPI) adjustment for subsequent years. It is expected that this action will keep the fund solvent through FY 06. The estimated increase to the average single family home will be an additional charge of \$1.15 a month. If the proposed rate increase were put off, a rate increase of at least 17 percent would be required in FY 04.

In order to improve efficiency, keep costs down and improve services, staff is developing a plan to reroute refuse collection vehicles. Rerouting benefits include reduced response times for special services such as illegally dumped item collection and reduced overtime usage.

Also, in response to feedback received from refuse and recycling customers, the Department expects to enhance recycling collection services over the next three years by

distributing larger, wheeled containers, similar to refuse containers currently in use. This will provide residents as much as five times more space for recycling. The program will further be enhanced to accept all plastic containers and motor oil filters in addition to currently accepted materials.

Long Beach Plan

The Long Beach Plan has been expanded to include the Strategic Plan 2010, Departmental Business Plans, the Corporate Plan and the Community Scorecard. These are all initiatives to improve the delivery of services to the community.

The new Long Beach Plan will be a framework to:

- Provide focus and direction for the organization;
- Inspire and motivate the workforce;
- Facilitate policy discussions;
- Lead and direct the budget;
- Communicate value to the community;
- Align and integrate various City initiatives; and
- Make City service delivery system truly accountable.

Department Business Plans are currently under development. When complete, the Plans will integrate and align the value that City services create in the community with strategic planning efforts, budgets, customer feedback and input, and results, while also responding to operational needs. As these Business Plans are completed over the ensuing months, staff will begin to develop a Corporate Plan for the City. It is intended that the Business Plans and Corporate Plan be integral to the FY 04 budget process. I believe these efforts will create powerful tools for making more thoughtful decisions thereby enhancing the city for residents and business interests. Concurrent with the development of the Business Plans, City services will continue to be reviewed for efficiency.

Much progress has been made in implementing recommendations in the citywide Strategic Plan 2010 since its adoption by the City Council in June 2000. Existing resources are being used for some items, and grants, partnerships or other collaborative efforts are being used for others. Highlights of Strategic Plan 2010 accomplishments can be found within the Department sections of this document.

The implementation of the recommended strategic actions calls for the participation and collaboration of other agencies, such as the Long Beach Unified School District, Long Beach Transit and local non-profit agencies, who also have a role in developing those ideals expressed by the citizens. In order to monitor the progress and achievement of the goals contained within the Long Beach Plan, the National Civic League Community Stakeholders group was formed. With their assistance, measurements are being developed that will become a component of an annual Community Scorecard.

CONCLUSION

The FY 03 Proposed Budget, as submitted, is balanced. However, the use of one-time resources to balance that budget simply delays the inevitable. Due to the loss of half the City's most significant revenue source, the UUT, as well as revenue shortfalls due to the

recession, City General Fund expenditures exceed revenues by \$46.2 million. That gap will grow additionally by FY 04 as new public safety costs come online. The City's Emergency Reserves total only \$35 million. It is clear there will not be sufficient revenue growth to augment Emergency Reserves to once again close the General Fund budget gap in FY 04.

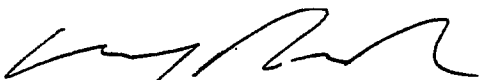
I urge that we must start planning today; we must begin taking actions in FY 03 to deal with the fiscal realities of FY 04. I believe that with the City Council's direction, staff can begin designing the foundation that will lead the City back to fiscal stability.

In the event that revenues are greater than projected in the Proposed Budget, I recommend that they be applied to those programs of greatest need listed on Attachments B and C of this letter or placed into savings to help fill the projected budget gap in FY 04.

Although there is uncertainty about the growth of the economy, the City has moved forward on previously-approved projects and progress can be seen all over the City. I am pleased to report that the new North Long Beach PAL facility will be open this September, and construction of the new ECOC will be complete in the Spring of 2003. Also, the building of CityPlace retail center and the development of the Pike at Rainbow Harbor will be important components in the revitalization of the downtown area. CityPlace, Pike at Rainbow Harbor, along with the Park at Harbour View, developed by Camden Property Trust, an apartment, condominium, office and hotel complex, the Carnival Cruise Terminal, the Genesis project, and the upgrading of Airport facilities, all of which are under construction, are indicative of a stronger future for the City of Long Beach. The design of the future Boeing PacificCenter project is also continuing.

I would like to thank the Mayor and the City Council for their guidance and direction in developing this budget, as well as our City employees who helped put it together, and the community for their input during the May workshops and at other public sessions. I look forward to discussing this Proposed Budget in detail during the public workshops and hearings that will take place in the coming weeks.

Respectfully submitted,



HENRY TABOADA
CITY MANAGER

HT:BT:AAH

Attachment A:	Recommended Additions
Attachment B:	Department Unfunded Requests
Attachment C:	Mayor and City Council Unfunded Priorities
Attachment D:	Fee Changes

ATTACHMENT A

RECOMMENDED ADDITIONS

GENERAL FUND ADDITIONS Unavoidable and Non-Offset Costs

Description	Cost	Department
Animal Control Facility Debt Share	\$ 35,000	Health and Human Services
CityPlace Plaza Garage (net amount)	\$ 319,085	Financial Management
ECOC* Equipment Lease	\$ 3,790,574	Police and Fire
ECOC* Operating Costs	\$ 706,500	Police, Fire, Technology Services
Employee Health Insurance Cost Increase	\$ 1,939,600	Citywide
Library Multi-Year Plan – books & materials	\$ 165,000	Library
Maintenance Contracts CPI Increases	\$ 50,387	Parks, Recreation and Marine
PAL staffing - New North Long Beach Facility	\$ 211,557	Parks, Recreation and Marine
Public Safety Facilities Construction Debt	\$ 1,990,494	Financial Management
Public Safety Facilities Equipment Lease	\$ 620,000	Police and Fire
Social Services grants	\$ 200,000	Health and Human Services
TOTAL	\$ 10,028,197	

* Emergency Communications and Operations Center (ECOC)

GENERAL FUND ADDITIONS Offset with New Revenue or Cost Reductions

Description	Incremental Cost	Offset
City Manager		
Upgrade of Human Dignity Officer position	\$ 9,620	Cost Reduction
Community Development		
Boeing PacifiCenter support	\$ 200,000	Revenue
Financial Management		
Diversity Outreach Program Operating Expense	\$ 7,862	Cost Reduction
Process Server Expense	\$ 10,000	Revenue
Teleworks Interactive Voice Response (IVR) for Commercial Services	\$ 40,000	Revenue
Upgrade of three positions	\$ 32,857	Cost Reduction

ATTACHMENT A

RECOMMENDED ADDITIONS

Description	Incremental Cost	Offset
<i>Fire</i>		
Arson and Environmental Crimes Investigation - Police Officer and equipment	\$ 122,161	Revenue
Computer Maintenance	\$ 10,843	Revenue
Emergency Medical Data Management	\$ 37,000	Revenue
Emergency Rescue Equipment	\$ 159,400	Revenue
Firefighter Safety Equipment	\$ 51,534	Revenue
Marine Firefighting Training	\$ 10,000	Revenue
Temporary Fire Station 1 Utilities	\$ 35,000	Revenue
Paramedic School Expenses	\$ 47,580	Revenue
<i>Health and Human Services</i>		
Operating Expense for P.D. Pitchford Companion Animal Village	\$ 51,494	Revenue
<i>Human Resources</i>		
Closed-captioning for City Council meetings	\$ 45,120	Revenue
<i>Library Services</i>		
Books-On-Tape	\$ 4,000	Revenue
Neighborhood Library Music CD Collection	\$ 16,000	Revenue
Family Learning Centers (12) continued funding	\$ 309,022	Revenue
Upgrade or change for four positions	\$ 24,210	Cost Reduction & Revenue
<i>Parks, Recreation and Marine</i>		
Automated Call Distribution System for Reservations/Registration	\$ 22,000	Revenue
Capital Projects Coordinator	\$ 7,166	Revenue
Field Permit Monitors	\$ 14,396	Revenue
Gang Intervention and Prevention Speakers Bureau	\$ 10,000	Revenue
GIS/Utilities Support increased hours	\$ 5,349	Cost Reduction
Grounds Maintenance Service for Fire Academy	\$ 2,000	Revenue
Junior Golf Building Facility Reservations - increased hours	\$ 10,036	Revenue
Mural Conservancy and Program Supervision - Cultural Program Supervisor	\$ 28,499	Cost Reduction

ATTACHMENT A

RECOMMENDED ADDITIONS

Description	Incremental Cost	Offset
<i>Parks, Recreation and Marine (continued)</i>		
Reservations/Registration Office increased hours	\$ 7,653	Revenue
Teen Dance Security	\$ 16,000	Revenue
Youth Employment Visual Communications Prog	\$ 40,000	Revenue
<i>Planning and Building</i>		
Architectural Services – in conjunction with Redevelopment Agency support	\$ 50,000	Revenue
Help Desk – adds permanent position	\$ 90,000	Revenue
Imaging project for records retrieval	\$ 100,000	Revenue
Integrated Land Management System (ILMS) Re-engineering project	\$ 200,000	Revenue
Upgrade of one position	\$ 3,984	Cost Reduction
<i>Police</i>		
1 Police Officer – Environmental Crimes/Fire	\$ 81,186	Cost Reduction
10 Police Officers (academy and training costs absorbed by department)	\$ 217,003	Cost Reduction
<i>Public Works</i>		
Staff training	\$ 6,000	Cost Reduction
Engineering project design software	\$ 5,000	Revenue
<i>Technology Services</i>		
E-Government I (Phase II) for Web Content Management Project and Community Portal	\$ 175,000	Revenue

TIDELANDS FUNDS

Description	Incremental Cost	Offset
<i>Community Development</i>		
Pike at Rainbow Harbor Permit expenses	\$ 14,500	None
<i>Fire</i>		
Marine Safety Training Expense	\$ 18,000	Revenue
Summer Upgrades of Marine Safety Staff	\$ 25,920	Revenue

ATTACHMENT A

RECOMMENDED ADDITIONS

Description	Incremental Cost	Offset
<i>Parks, Recreation and Marine</i>		
Contractual agreements increases	\$ 16,796	None
Electrician for Marinas	\$ 131,541	Revenue
GIS/Utilities Support increased hours	\$ 729	Cost Reduction
Leeway Sailing Center After-school Prgm	\$ 24,500	Revenue
Marina electricity additional cost	\$ 274,265	Revenue

OTHER FUNDS

Program	Incremental Cost	Offset	Fund
<i>City Attorney</i>			
Deputy City Attorney – litigation	\$ 135,007	None	Insurance
Workers Compensation Claims staff – 3 positions	\$ 132,458	None	Insurance
<i>Community Development</i>			
Administration – 1.5 positions payroll support and reception	\$ 55,245	Cost Reduction	Community Dev. Grants
Administrative Intern – conversion of 2 contract positions	\$ 60,164	Cost Reduction	Community Dev. Grants
Development Project Manager - Downtown	\$ 76,230	Revenue	RDA - Downtown Dev. Housing Dev. & Community Dev. Grants
Housing Action Plan and SRO - Administrative Analyst	\$ 71,297	Revenue	Housing Authority
Housing Authority – addition of 4 positions & 1 vehicle to support new vouchers	\$ 207,663	Revenue	Business Assist. & Community Dev. Grants
Loan and Marketing - 4 positions for new division	\$ 124,215	Cost Reduction	Community Dev. Grants
Long Beach Family Safety Initiative - Development Project Manager	\$ 14,289	Cost Reduction	Business Assist. & Community Dev. Grants
Section 3 monitoring - Administrative Analyst	\$ 65,941	Cost Reduction	Community Dev. Grants
Workforce Development Officers – 3 upgraded positions	\$ 21,724	Cost Reduction	Community Dev. Grants

ATTACHMENT A

RECOMMENDED ADDITIONS

Program	Incremental Cost	Offset	Fund
<i>Financial Management</i>			
Accounting Operations position upgrade for Grants/RDA	\$ 10,888	Cost Reduction & Revenue	Community Dev. Grants
Human Resources Management Support (HRMS) Payroll Support	\$ 67,500	None	Employee Benefits
Systems Analyst in Technical Systems Division	\$ 6,415	Cost Reduction	General Services
<i>Health and Human Services</i>			
Business Services Specialist	\$ 99,500	None	Health
Emergency Sewage Spill Response Vehicle	\$ 31,180	Revenue	Health
Environmental Health Specialist - supervise housing and food inspection programs	\$ 73,916	Revenue	Health
Maintenance Assistant - for Vector Control Program	\$ 30,212	Cost Reduction	Health
Public Health Associate – 2 personnel for environmental health	\$ 131,200	Revenue	Health and CUPA
Public Health Associate – increase to full time in Employee Assistance Program	\$ 20,020	None	Insurance
Public Health Professional - conversion from Special Status Consultant	\$ 12,546	Revenue	Health
<i>Human Resources</i>			
Human Resources Management Support (HRMS) Payroll Support	\$ 67,500	None	Employee Benefits
Insurance Premium Increase	\$ 1,278,000	None	Insurance
Lab Analysis of Employee Exposure Assessments	\$ 30,000	None	Insurance
Musculoskeletal training for Firefighters	\$ 80,000	None	Insurance
Occupational Health and Safety System Support	\$ 20,000	None	Insurance
<i>Long Beach Energy</i>			
Automated Work Order Request Tracking System – Phase II AVL/Wireless ongoing costs	\$ 193,200	None	Refuse/Recyc.
Customer Service Personnel – conversion of 8 contract positions	\$ 328,657	Cost Reduction	Refuse/Recyc. & Towing
Enhanced Network Connectivity	\$ 84,524	None	Gas
Environmental Services Facility Lease and Upkeep	\$ 16,200	Cost Reduction	Refuse/Recyc.

ATTACHMENT A

RECOMMENDED ADDITIONS

Program	Incremental Cost	Offset	Fund
<i>Long Beach Energy(continued)</i>			
Facility Maintenance Consolidation - classification changes	\$ 3,484	Cost Reduction	Gas, Refuse/Recyc. Towing, & Fleet
Reroute of Refuse/Recycling Collection	\$ (988,382)	Cost Reduction	Refuse/Recyc.
Reclassification of six Gas Systems Control positions	\$ (11,983)	Cost Reduction	Gas
Stockroom Inventory Staffing	\$ 49,113	Cost Reduction	Fleet Services
Technology Services Support for Work Order Management System	\$ 67,500	Cost Reduction	Refuse/Recyc.
<i>Oil Properties</i>			
Clerk	\$ 35,644	Cost Reduction	Tidelands Oil Revenue
<i>Parks, Recreation and Marine</i>			
Capital Projects Management Coordinator	\$ 72,737	Cost Reduction	Capital Projects
Mural Conservancy and Program Supervision - adds Cultural Prog. Supervisor	\$ 25,525	Cost Reduction	Community Dev. Grants
Safety Budget Augmentation	\$ 40,000	None	Insurance
<i>Public Works</i>			
Airport Security Officers - addition of 7.0 non-career at checkpoints (TSA funded)	\$ 348,925	Revenue	Airport
Building Maintenance Engineer for ECOC	\$ 112,500	Cost Reduction	Civic Center
Capital Projects Coordinator - upgrade	\$ 3,035	Revenue	Transportation
Clerk Typist	\$ 38,393	Revenue	Transportation
Remote Parking Lot - lease and costs for six months	\$ 519,000	Revenue	Airport
<i>Technology Services</i>			
Business Systems Specialist	\$ 100,000	Revenue	General Services
Help Desk and PC Support staff - conversion of 4 contract positions	\$ 229,306	Cost Reduction	General Services
HTTV Staff - conversion of 5 contract positions	\$ 55,070	None	General Services
PC Support - add 2 positions	\$ 147,452	Revenue	General Services
HTTV Program highlighting City events	\$ 50,000	None	General Services

ATTACHMENT B

CITY DEPARTMENT UNFUNDED REQUESTS

ELECTED OFFICES Request	General Fund Cost
City Auditor Three auditor positions	\$ 241,725
City Prosecutor One Assistant City Prosecutor	\$ 155,822

CITY MANAGER DEPARTMENTS Request	Cost
GENERAL FUND	
Community Development City Facilities Study Project	\$ 350,000
Financial Management Business License Inspectors - 2 Vehicles	\$ 39,059
Fire Community Emergency Response Team (CERT) - 1.5 positions	\$ 107,759
Capital Improvements Projects Liaison - 0.5 position	\$ 29,040
Disaster Preparedness - 2.0 positions	\$ 147,095
Fire Suppression - Contingency Overtime	\$ 50,000
Firefighter Entrance Exam Video Testing	\$ 50,000
Nurse Educator	\$ 93,313
Second Drill Class of 24 Recruits	\$ 533,741
Urban Search and Rescue (USAR)/Technical Rescue Equipment	\$ 110,000
<i>Subtotal Fire</i>	<i>\$ 1,120,948</i>
Health and Human Services Facility Centers Assessment - North, Central and West	\$ 50,000
Library Services Administration Bureau - Assistant Administrative Analyst	\$ 56,526
Community Services Programming and Marketing Coordinator	\$ 90,148
Facility Maintenance - Upgrade Maintenance Assistant to full-time	\$ 17,058
Library Webmaster - part-time position	\$ 27,704
Pilot Monitor Project for 4 Neighborhood Libraries	\$ 42,871
Teen Programs and Library Hours - expansion at Dana Branch	\$ 150,322
<i>Subtotal Library Services</i>	<i>\$ 384,629</i>
Long Beach Energy Customer Relations - additional position (balance from other funds)	\$ 3,893

ATTACHMENT B

CITY DEPARTMENT UNFUNDED REQUESTS

Request	Cost
Parks, Recreation and Marine	
Maintenance of new park areas	\$ 108,497
Volunteer Program Expansion	\$ 141,477
Weed abatement from alleys	\$ 126,296
Conversion of Youth Sports temporary staff to permanent Recreation Assistants staff	<u>\$ 30,404</u>
<i>Subtotal Parks, Recreation and Marine</i>	<i>\$ 406,674</i>
Planning and Building	
Development Service Center - add two Combination Building Inspectors	\$ 214,406
General Plan Update	\$ 200,000
Historic Preservation - Convert part-time Clerical to full-time	\$ 39,449
Manager of Planning Bureau	<u>\$ 159,973</u>
<i>Subtotal Planning and Building</i>	<i>\$ 613,828</i>
Police	
Communication Dispatchers - Add 8 positions for new ECOC	\$ 413,336
Emergency Communications and Operations Center (ECOC) - 5 Security Officers (in lieu of \$100,000 for contract security)	<u>\$ 218,204</u>
<i>Subtotal Police</i>	<i>\$ 631,540</i>
Public Works	
Engineering - one Administrative Analyst position (General Fund portion)	\$ 31,142
Community-based Traffic Districts - 3 Traffic Engineer positions	\$ 240,748
Street Maintenance - Overtime Services	\$ 25,000
Traffic Signal Technician	\$ 51,058
Equipment, supplies, training in Engineering and Administration/Planning	<u>\$ 24,235</u>
<i>Subtotal Public Works</i>	<i>\$ 372,183</i>
General Fund Total – City Manager Departments	\$ 3,972,754
TIDELANDS FUNDS	
Fire	
Marine Safety Training Expenses - additional funding	\$ 82,357
Parks, Recreation and Marine	
Beach Maintenance - 1 Maintenance Supervisor position and 1 dump truck	\$ 283,308
Maintenance of new park areas	<u>\$ 123,547</u>
<i>Subtotal Parks, Recreation and Marine</i>	<i>\$ 406,855</i>
Tidelands Funds Total	\$ 489,212
TOTAL ALL FUNDS	\$ 4,859,513

ATTACHMENT C

Mayor and City Council Unfunded Priorities

Program	Cost	Department
Alley Repair (total estimated at \$35 million)	\$ 750,000	Public Works
Alley repair fee waivers	TBD	Planning & Building
Alley Sweeping - Monthly	\$ 244,126	Long Beach Energy
Campaign Finance Reporting – electronic filing	TBD	City Clerk
Cesar Chavez Park celebrations – ongoing funding	\$ 5,250	Parks, Recreation & Marine
Code Enforcement - two additional teams	\$ 480,350	Planning & Building
Colorado Lagoon Master Plan and Study	\$ 150,000	Parks, Recreation & Marine
Discretionary funded FY 02 programs - ongoing funding for senior programming at Silverado Park	\$ 28,000	Parks, Recreation & Marine
Discretionary funded FY 02 programs – other	\$ 36,088	Parks, Recreation & Marine
Fire Station Repairs and code upgrades (9 stations total for \$17.2 million)	\$ 2,000,000	Fire
Fire Station Replacement - land for one station (11 station total of \$20 million)	\$ 2,000,000	Fire
Fire Station Replacement - design/build one station (11 stations total for \$75.35 million)	\$ 6,850,000	Fire
Graffiti Abatement – crew of three	\$ 129,116	Public Works
Homeless MultiService Center Expansion to 7 days/week	\$ 460,000	Health & Human Services
Homeless Service Assessment Study	\$ 200,000	Health & Human Services
Housing Trust Fund	TBD	Community Development
Internet City Portal and Content Management - contract for additional software and administration	\$ 250,000	Technology Services
Jergins Pedestrian Subway Tunnel	\$ 201,500	Planning & Building
Local Street Repair – additional funding	\$ 3,000,000	Public Works
Open Space - mini parks development	\$ 250,000	Parks, Recreation & Marine
Park Ranger Expansion	\$ 436,822	Parks, Recreation & Marine
Police – additional 10 Police Officers, 1 Sergeant, & equip.	\$ 976,627	Police
Police Mental Evaluation Team (MET) expansion	\$ 146,525	Police
Property Maintenance Combination Building Inspector	\$ 107,203	Planning & Building
Revolving Account for relocation benefits for residents displaced by code enforcement	TBD	Planning & Building
Sixth District Master Plan	TBD	Community Development
Street Art Exhibit	\$ 5,000	City Manager
Trash pick-up expansion in First District	\$ 350,000	Long Beach Energy
Tree Trimming – increase to accelerate schedule	\$ 800,000	Public Woks
Vacuum/pumper trucks for standing water on local streets	\$ 1,500,000	Public Works
Youth Commission	\$ 246,036	Parks, Recreation & Marine
Total	\$ 21,602,643	

ATTACHMENT D

Recommended Fee Adjustments

General Fund

The following are proposed fee adjustments in the General Fund:

FEE	ANNUAL REVENUE
<ul style="list-style-type: none"> <i>Ambulance Fees</i> The proposal increases fees for ambulance transport and mileage. The Advanced Life Support Transport fee will change from \$474.50 to \$524.50, the Basic Life Support Transport will change from \$338.75 to \$388.75, and mileage rates per mile will change from \$9.50 to \$13.72. In addition, an automatic CPI adjustment for future fee increases will be included in the fee change. The proposed fee increases are in line with those of surrounding jurisdictions. Revenue generated will offset the costs of providing the service including labor, safety equipment and vehicle costs. (Fire) 	\$395,936
<ul style="list-style-type: none"> <i>Fire Prevention/Fire Permit Fees</i> These fees have not been revised since 1998. All but one of the Fire Permit Fees are proposed to be increased and one fee would be decreased. In addition to the fee changes, a 30 percent penalty for non-payment will be instituted. The increased revenue will assist in offsetting the costs in providing fire inspections as well as support the costs of a Police Officer who will be dedicated to Environmental Crimes and Arson Investigations. (Fire) 	\$221,712
<ul style="list-style-type: none"> <i>Animal Control Fees</i> The proposal increases dog license fees from \$13.20 to \$18 for altered dogs and from \$26.40 to \$36 for unaltered. A 50 percent discount is offered to seniors for altered dogs. These fees have not been revised since 1999. Impound and other shelter fees are also increased to partially offset increased operating costs and debt service costs at the P.D. Pitchford Companion Animal Village, and to offset the loss in revenue from animal adoptions, which now accrue to the Los Angeles Society for the Prevention of Cruelty to Animals (spcaLA). (Health and Human Services) 	\$68,263
<ul style="list-style-type: none"> <i>Inter-Library Loan Fee</i> The proposal increases the fee charged for inter-library loan requests from \$1.00 to \$2.00. This fee is assessed when a library patron requests an item that is not in the Long Beach Public Library collections, and the Library must search other libraries and arrange to borrow the item for the patron. (Library Services) 	\$654
<ul style="list-style-type: none"> <i>Videos and DVDs Maximum Overdue Fines</i> The proposal decreases the maximum fine charged for overdue videos and DVDs from \$50 to \$25. The Department currently charges \$2 a day up to a maximum of \$50. In many instances, the maximum fine acts as a deterrent for patrons to return overdue videos and/or DVDs. By reducing the maximum fine, the Department anticipates increased returns, while having a nominal affect on revenues. (Library Services) 	\$0
<ul style="list-style-type: none"> <i>Long Beach Collection Use and Photograph Fees</i> The proposed fee establishes a service where patrons can reproduce and access historical documents and photographs included in the Long Beach Collection. Currently, if a library patron wants to have one of the historic photos reproduced, or to use any of the historical documents for media purposes, they must purchase them at City Goods and pay the established fee for the service they are requesting. Occasionally, patrons will request items in the Main Library. In order to provide this same service for patrons, the Library is proposing to include the same established fees in their Department fee schedule. Fees for reproduction and media purposes range from \$10 to \$555. (Library Services) 	\$1,000
<ul style="list-style-type: none"> <i>Plan Checks and Permit Fees Surcharge</i> The proposed fee is a 1.6 percent surcharge on building, zoning, environmental, electrical, mechanical and plumbing plan check and permit fees. This surcharge will span over two years and will collect an estimated \$100,000 per year for a total of \$200,000. These funds will offset cost of Live Scan equipment for digitizing records. (Planning and Building) 	\$100,000

ATTACHMENT D

Recommended Fee Adjustments

General Fund

The following are proposed fee adjustments in the General Fund:

FEE	ANNUAL REVENUE
<ul style="list-style-type: none"> <i>Plan Checks and Permit Fees Surcharge</i> The proposed fee is a 3.4 percent surcharge on building, zoning, environmental, electrical, mechanical and plumbing plan check and permit fees. This surcharge will span over two years and will collect an estimated \$200,000 per year for a total of \$400,000. These funds will offset the Integrated Land Management System (ILMS) Upgrade. This upgrade will convert the current ILMS database from its current proprietary Hpe3000 IMAGE database environment to an open database where more users can have access, and it will be web-enabled. (Planning and Building) 	\$200,000
<ul style="list-style-type: none"> <i>Golf Fees</i> Adjustments to the golf fees are based on CPI increases since the last fee adjustment in August 2000. The increases are \$1 for residents and \$1.50 to \$2.00 for non-residents, depending on the course, for an 18-hole round of golf. These adjustments are approved administratively. (Parks, Recreation and Marine) 	\$200,000

The following fees were approved by the Recreation Commission on May 16, 2002 and are included in the FY 03 budget for the Parks, Recreation and Marine Department:

<ul style="list-style-type: none"> <i>Day Camp Deposit Fee</i> The proposed fee is to establish a deposit for day camps. This would allow staff to determine when camps are not filled to capacity, so they can market the open spots and maximize revenue. The proposed deposit would range from \$10 to \$20 per week, depending on the camp. 	\$0
<ul style="list-style-type: none"> <i>Field Permit Monitors</i> The proposal increases fees at the sports field processing-fee by \$5 per permit and the field rental rates by \$2 per hour. The revenue would be used to offset the cost of non-career hours for field-permit monitors. 	\$14,396
<ul style="list-style-type: none"> <i>Gang Intervention and Prevention Program Speakers Bureau</i> The proposed fee would allow the Gang Intervention and Prevention Program staff to charge outside agencies for their services in negotiating gang truces and/or providing presentations and workshops regarding the City's program and how similar programs could benefit their jurisdictions. The proposed fee is \$600 for a two-day workshop and \$300 per day for truce negotiations. The revenue would be used to offset the cost of the non-career staff and associated mileage expenses. 	\$10,000
<ul style="list-style-type: none"> <i>Junior Golf Facility Reservations</i> The proposed fee is for rental of the meeting rooms at the Junior Golf Facility at a cost comparable to similarly sized meeting rooms in community centers throughout the City. The revenue would be used to offset the cost of staff and supplies associated with oversight of the rentals. 	\$10,036
<ul style="list-style-type: none"> <i>Teen Dances</i> The proposal increases the admission fee for teen dances from \$3 to a range of \$5-\$10 for the five teen centers located at California Recreation Center, El Dorado, Houghton, Recreation and Silverado Parks. The revenue would be used to offset the cost of contracting with the Long Beach Police Department to provide security and crowd control at the dances. 	\$16,000
<ul style="list-style-type: none"> <i>Youth Employment Visual Communications Program</i> The proposed fee is to produce video and computer compact disc (CD) presentations for individuals and corporations through the Visual Communications Program at Houghton Park. The fee would be \$25-\$150 per hour depending on the complexity of the job. The revenue would be used to offset the cost of the program. 	\$40,000
TOTAL General Fund Revenue	\$1,277,997

ATTACHMENT D

Recommended Fee Adjustments

Non-General Fund

The following are proposed fee adjustments in other funds:

FEE	ANNUAL REVENUE
<ul style="list-style-type: none"> <i>Marine Safety Special Events Fee</i> This fee has not been adjusted since 1987. The current fee is a blended rate. The proposed fees include separate rates for water versus land events. The current fee for special events is \$51/hr for staff and \$29/hr for apparatus. The proposed fee is \$140/hr for staff and maintenance for water events, and \$50/hr for staff and maintenance for land events. Additional revenue will be utilized to offset recommended enhancements for Marine Safety Training. (Fire; Tidelands Fund) 	\$44,700
<ul style="list-style-type: none"> <i>Environmental Health Fees</i> The proposal increases fees 12 percent for health permits and associated fees in the Food, Housing, Water, and CUPA programs. Approximately 2 percent of the fee increase would be dedicated to continue educational site visits to food and hazardous waste facilities. (Health and Human Services (HHS); Health Fund) 	\$76,857
<ul style="list-style-type: none"> <i>Public Health Service Clinic Fees</i> The proposal increases fees from \$8.50 plus cost to \$10.00 plus cost for travel vaccines and Communicable Disease Clinic pharmaceuticals, excluding Senior flu and Children's vaccines. Physical exams will increase from \$30 to \$45, and new \$10 fees are proposed for pregnancy testing and monthly medication. (HHS; Health Fund) 	\$38,671
<ul style="list-style-type: none"> <i>Preventive Health Clinic Fee Increases</i> The proposal increases STD exam fees from \$30 to \$40, confidential HIV tests from \$5 to \$10, and court-ordered HIV tests from \$10 to \$20. The City Health Officer will continue to waive fees, if necessary, to prevent the spread of communicable disease. (HHS; Health Fund) 	\$14,000
<ul style="list-style-type: none"> <i>Fee for Small Quantity Specified Waste</i> This fee creates a more equitable fee for hazardous generators that generate and use only small quantities of specified types of waste, such as small oil change operations and photo processors. The current annual fee for these facilities would be reduced from \$233 to \$125, but the overall effect is a net increase in annual revenue of \$7,202 because new facilities will be added into the inspection program. (HHS; Health Fund) 	\$7,202
<ul style="list-style-type: none"> <i>Refuse Rate</i> Rates have not been increased since July 1995. The proposed rate increase of 7 percent plus annual CPI adjustments for subsequent years will maintain the viability of the Refuse/Recycling Fund through FY 06. This increase is necessary because the demands on the fund have grown to include increases in operational costs, while rates have not been changed to reflect these additions. The average monthly increase for a single-family home would be \$1.15 for a 30-day bill. (Long Beach Energy (LBE); Refuse/Recycling Fund) 	\$1,745,466
<ul style="list-style-type: none"> <i>Commercial Roll-off Collection Fee</i> The proposed fee establishes a charge for a roll-off service, which is required when customers have large scale refuse needs normally resulting from construction or demolition debris. Each roll-off up to six tons would cost \$289, with each additional ton costing an additional \$35/ton. The revenue will offset the cost of providing this service. (LBE; Refuse/Recycling Fund) 	\$8,424
<ul style="list-style-type: none"> <i>Excess Refuse Fee</i> The proposed fee is to recover costs associated with cleaning up excessive refuse created by neighborhood nuisances. The fee will be charged after two free special pickups per year of up to five bulky items and will be assessed when staff is able to link violations back to responsible parties. The fee charges will be \$110 per hour with a one hour minimum and \$40 for each ton, or portion of ton disposed. (LBE; Refuse/Recycling Fund) 	\$5,850

ATTACHMENT D

Recommended Fee Adjustments

Non-General Fund

The following are proposed fee adjustments in other funds:

FEE	ANNUAL REVENUE
<ul style="list-style-type: none"> <i>Refuse Re-inspection Fee</i> The proposed fee is intended to be an incentive for private haulers and property owners to clean up refuse after being issued an inspection notice. The proposed fee is \$55 per compliance re-inspection. The generated revenue will recoup costs associated with re-inspections. (LBE; Refuse/Recycling Fund) 	\$1,430
<ul style="list-style-type: none"> <i>Marina Slip Rental Fee</i> The proposal increases the marina slip rental fees, with an overall average increase of 5.9 percent. The increase would be based on slip size and marina location. The largest increase would be for the slips that are 50' and larger in the Alamitos Bay Marina. This increase would be in lieu of the CPI-based slip rental increase that was approved in October 2001 to take effect on October 1, 2002. This proposed fee adjustment also includes an increase in the shoreboat, rowboat, yacht tender mooring fee from \$3.35 to \$5.00 per foot; an increase in the small boat storage rack fee from \$5 to \$10 per month; and a decrease in the marina temporary permit fee for vessels under 30 lineal feet from \$11.65 per foot per month to \$9.00 per foot per month. (Parks, Recreation and Marine; Tidelands Fund) 	\$700,000
<ul style="list-style-type: none"> <i>Launch Ramp Fee</i> The proposal increases the launch ramp fee by \$2 per day, from \$6 per 24-hour period to \$8 per 24-hour period. The additional revenue would be used to create a special capital reinvestment fund that can be used to refurbish existing launch ramps and correct facility problems, such as the silt obstruction at the South Shore Launch Ramp. (Parks, Recreation and Marine; Tidelands Fund) 	\$99,204
<ul style="list-style-type: none"> <i>Shore Mooring Permit Fee</i> The proposal increases the Sandstake and Bay Rack fee by \$20 per year. The current fees have been in effect since October 1996. There is a waiting list of over five years for the Sandstakes; there is also a waiting list for the Bay Racks, which are being rebuilt this year. (Parks, Recreation and Marine; Tidelands Fund) 	\$9,340
<ul style="list-style-type: none"> <i>Marina Administrative Processing Fee</i> The proposal increases the administrative fee for reinstatement of a boat slip account from \$50 to \$100. Parks, Recreation and Marine charge an administrative fee to reinstate an account that has been canceled due to non-payment of slip rent. In October 2000 the fee was raised from \$50 for the first reinstatement to \$100, with a \$50 incremental increase for any subsequent reinstatements. The Department has determined that the \$50 incremental increase is too low to deter late payments, so they are requesting to increase the incremental fee from \$50 to \$100. The administrative fees charged for reinstatements are used to offset the cost of processing the reinstatement. (Parks, Recreation and Marine; Tidelands Fund) 	\$0
<ul style="list-style-type: none"> <i>After-school Programming at Leeway Sailing Center</i> The proposed fee would fund proposed after-school programs at the Leeway Sailing Center, including instruction in sailing, canoeing, kayaking, swimming, arts and crafts, and homework help. The fee would be \$35 per week for youth ages 5-17. The revenue would be used to offset the cost of providing the programs. (Parks, Recreation and Marine; Tidelands Fund) 	\$24,500
<ul style="list-style-type: none"> <i>Water Aerobics Classes</i> The proposal increases the fee for an individual water aerobics class from \$3 to \$4, while maintaining the cost of \$30 for the "Plaza Pass" (ten water aerobics classes). It is anticipated that the \$10 savings will encourage patrons to purchase the Plaza Pass, for more efficient cash handling operations. It is anticipated that the effect on revenue will be nominal. (Parks, Recreation and Marine; Tidelands Fund) 	\$0